



- 2 -

ever to fulfill Soviet reparation claims. Hungary tries to meet her monthly norm of rails but the Soviet experts return approximately 40% of the rails as not of good quality. Hungary must then pay five percent a month on the unfulfilled quota until the contract is fulfilled. The result is that almost the whole output of rails in Hungary goes as reparations to the USSR. Hungarian factories, especially aluminum factories which need rails desperately, cannot get them for not enough is produced to satisfy Soviet demands for reparations and domestic demand.

- end -

SECRET/SECURITY INFORMATION